



# COMMISSION ON INSURANCE

## COUNTY OF LOS ANGELES

Scott J. Svonkin  
**Chairperson**

Daniel Falcon  
**Vice-Chairperson**

Barry R. Binder  
Glenn S. Brown  
William K. Callagy  
Michael G. Cheung  
Don Lee  
Curren D. Price, Jr.  
Patricia Torres

### MINUTES

Meeting of July 20, 2005  
Kenneth Hahn Hall of Administration, Departments Room 383  
500 West Temple Street  
Los Angeles, CA 90012

**Commissioners Present:** Glenn Brown, William Callagy, Dan Falcon, Scott Svonkin, Patricia Torres(temporarily absent)

**Commissioners Absent:** Barry Binder, Michael Cheung, Don Lee, Curren Price

### CALL TO ORDER

In the absence of a quorum, Chairperson Svonkin called the meeting to order as a Committee of the Whole at 10:30 a.m.; a quorum was identified at 11:30 a.m. and the meeting was called to order.

### CHAIRPERSON'S REPORT

Chairperson Svonkin reported that the Sunset Review and the Legislative Board Letter are being prepared for submission.

### STAFF REPORT

Staff reported the following:

- Prepared a draft Board letter of the Legislative Bills that were voted on at the last meeting for the Commission's review;
- Mike Hauben of Insurance Commissioner Garamendi's Office confirmed that there are approximately 1,500 agents selling low-cost automobile insurance in the underserved areas of the County under a program known as CAARP (California Automobile Assigned Risk Program). The list of agents participating in the Program can be obtained from Richard Manning of the CAARP office in Sacramento;
- A Townhall meeting will be held in August in celebration of the 5<sup>th</sup> Anniversary of the low-cost auto insurance program. Agents will be available to enroll qualified guests in an insurance policy. Mr. Hauben will notify staff when the Townhall meeting is scheduled, and staff will disseminate the information to Commissioners via email; and
- A quarterly Commission attendance required by the Board of Supervisors was completed

Chair Svonkin directed staff to obtain a report of all licensed agents in the County identified by the city their office is located in, in order to determine the areas that need additional agents.

### **REPORT ON THE COST TO SET-UP A WEBSITE FOR THE COMMISSION**

Lee Millen, Commission Staff, introduced Gary Sysock, Deputy Executive Officer, Information Resource Management. Chair Svonkin welcomed Mr. Sysock and advised him that the Commission is looking to set-up a small webpage to outline their mission, identify Commissioners, provide minutes/agendas, contact information and a link to the State Commission on Insurance.

Mr. Sysock presented an overview of his current duties, and outlined the cost/process, and work required to create a website. He advised that the Commission's minutes/agenda are currently County accessible via the Stellent (computer software), and that Stellent will soon become part of the County's homepage. Also, Mr. Sysock advised that he has been working with ISD to create a web-page outlining very basic tasks and important information on Commissions.

Following discussion, Chair Svonkin thanked Mr. Sysock for his advice and orientation on Information Technology matters. Staff was directed to forward a Commission fact sheet in Word to Mr. Sysock.

### **PRESENTATION ON WORKERS' COMPENSATION FRAUD**

Alex Rossi, Chief Program Specialist, CAO, and Chris Hurrey, Risk Management, CAO, presented a brief overview of their duties. Mr. Rossi noted that he oversees the third party workers' compensation administration contracts and county benefits for injured employees, and that Mr. Hurrey investigates workers' compensation cases on behalf of Risk Management to determine whether or not they are fraudulent.

Mr. Rossi reported that Los Angeles County has been self-insured since 1969 and has the largest Workers' Compensation Program of any local governmental entity. The Workers' Compensation Budget for Fiscal Year 2004-05 totaled \$414.5 million prior to the implementation of statutory reforms authorized in SB-228 (Alarcon) and SB-899 (Poochigian), which has resulted in a significant cost savings to taxpayers and businesses in California. This year's budget is \$275 million a 33.6% reduction.

In response to Chair Svonkin, Mr. Rossi noted that the use of third party administrators for workers' compensation claims has occurred since 1987. Risk Management has four contracts with three companies, staffing a total of 135 people. Unfortunately, Risk Management has discovered that the third party administrators Special Investigation Unit (SIU) is often not utilized to its fullest potential to weed out fraudulent providers from the system. Mr. Rossi explained that when potential fraud is detected by an investigator, claims adjustor, and/or a defense attorney, Mr. Hurrey reviews the report to

determine whether fraud exists. Once fraud is detected and in order to prosecute, Mr. Hurrey must prove beyond a reasonable doubt that an individual, provider or worker has misrepresented material, and/or knowingly lied to collect worker's compensation benefits. Also, Mr. Rossi noted that he would like to develop a proactive model in fraudulent medical providers. Further, a shared database is being considered wherein a provider's data would be inputted to access a record of any past fraud claims.

(Commissioner Torres joined the meeting)

Following further discussion, Chair Svonkin thanked the presenters for a comprehensive report on workers' compensation fraud (report on file).

### **APPROVAL OF MAY 11, 2005 MEETING MINUTES**

On motion of Vice Chairperson Falcon, seconded by Commissioner Brown the minutes of May 11, 2005 were approved.

### **DISCUSSION ON ISSUES AND OPTIONS FOR GOVERNMENT INTERVENTION IN THE MARKET OF TERRORISM INSURANCE**

Commissioner Brown distributed packets on Terrorism Insurance and briefly summarized its contents. A full presentation and discussion will take place at the Commission's September 14, 2005 meeting. Commissioner Brown directed staff to invite a representative from the County's Risk Management Department and he will invite someone from the Rand Corporation to participate in the presentation.

### **MATTERS NOT ON POSTED AGENDA (To be placed on the agenda for discussion at a future meeting)**

Chairperson Svonkin reminded the Commissioners that the next two meetings are scheduled for September 14, 2005 and November 16, 2005 at 10:00 a.m. He also directed staff to provide Mr. Syscok with a Commission fact sheet for use in the Commission's proposed Webpage.

### **PUBLIC COMMENT**

There was none.

### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 12:25 p.m.

**ATTENDANCE**

**Staff**

Lee Millen, Executive Office, Board of Supervisors  
Twila P. Kerr, Executive Office, Board of Supervisors

**Guests**

Rocky Armfield, Risk Management, CAO  
Chris Hurrey, Risk Management, CAO  
Alex Rossi, Risk Management, CAO